



## **NZX AND ASX ANNOUNCEMENT**

**25 March 2020**

### **COVID-19 IMPACTS ON TILT RENEWABLES**

Tilt Renewables (TLT) is a strong robust business which owns 7 operational wind farms across Australia and New Zealand and 2 significant assets under construction, 1 in Australia and 1 in New Zealand. TLT has a relatively small and highly mobile workforce which is often required to work remotely as part of normal business activities. The infrastructure used to support the team is well established to enable remote working and is fully cloud based.

Whilst our key focus right now is to secure the health and wellbeing of our team and their families, we are pleased to report that our people have been working from home successfully for nearly two weeks already and normal business activities have been sustained.

#### **Operational Assets**

TLT's operational assets in both Australia and New Zealand provide a 'lifeline utility' or 'essential service' and are therefore not subject to lockdown restrictions. Appropriate protective measures against the spread of COVID-19 are in place. To date, TLT has not experienced any impact attributable to the COVID-19 pandemic on the operational asset fleet, generation volume, costs or revenue.

TLT has worked with our operations and maintenance partners to take proactive measures to protect the health of all site employees, including segregation of workgroups, back-up coverage for certain key skill sets, remote working for support staff and reinforcing general hygiene practices.

Routine maintenance activities, typically set for 6 or 12 month intervals, may where required be deferred so that site crews can focus on fault responses requiring physical attendance.

The 24/7 monitoring, bidding, dispatch, control of TLT's windfarms is normally executed remotely or automatically.

Production from the current operating assets is largely covered by long term offtake agreements with strong well capitalised counterparties, producing healthy cashflows which are resilient to short term market fluctuations.

#### **Construction Projects**

TLT currently has two large scale construction projects in progress representing nearly A\$1B of total investment.

TLT has been working closely with its project partners, Vestas for the Dundonnell Wind Farm (DDWF) in Victoria, Australia and Siemens Gamesa for the Waipipi Wind Farm (WWF) in Taranaki, New Zealand, to understand the impacts of COVID-19 across the international supply chain, construction activities and movements of key personnel, with the situation currently as follows:



#### DDWF

- All wind turbine components for the DDWF have completed manufacturing with the final shipment to site underway (from China) in the coming days.
- Construction and commissioning activities continue at DDWF at this time with no current restrictions in relation to on-site activities. Appropriate personnel distancing and hygiene protocols have been implemented. 28 turbines, out of a total of 80, are fully erected, with commissioning of these turbines ongoing. Additional restrictions on activities such as construction are possible in Victoria, and these could lead to some delays associated with the erection of turbines. We continue to monitor relevant official announcements, however the essential service nature of electricity generation assets, including late stage construction activities may allow the project to continue to progress. Mitigation options are available to be implemented if required.

#### WWF

- Minor delays to manufacturing of turbine components for WWF have been observed due to the manufacturing shutdown in China during February and March. However the Chinese manufacturing facilities have now returned to operation, and these delays are not expected to have a material impact on the total project schedule. Components being manufactured in European factories have not been delayed.
- Construction activities at WWF are **not** considered an 'essential service' and therefore in response to the COVID-19 Level 4 Alert in New Zealand, on-site activities will cease for a period of at least four weeks, as directed by the New Zealand Government. The WWF project was progressing to schedule up to this point, and TLT is confident there is sufficient contingency in both the project schedule and budget to ensure that the impact of this shutdown will not materially affect the project. Mitigation and expedition options will be explored and implemented where practical once construction activity resumes on site.

Border restrictions in both New Zealand and Australia have presented some challenges with respect to movement of key project personnel. However alternative local resources with sufficient expertise have been identified where required, and again at this time this is not expected to impact either project materially.

Offtake agreements for both projects are not expected to be affected – noting that the likely project impacts are not considered to be material at this time and the fact there are significant buffers in place between expected project completion dates and those required under these offtake agreements.

Once these two projects have been completed over 80% of annual revenue from the 835MW total installed capacity owned by TLT will be under long term off take contracts.

#### **Company Performance**

Following the completion of the sale of the Snowtown 2 Wind Farm in December 2019 TLT is in a healthy positive cash position which supports a very strong balance sheet. The current unrestricted cash balance (as at 23<sup>rd</sup> March 2020) for the TLT Group is A\$535.2 million, which is primarily held in term deposits.



In addition, following the Snowtown 2 sale, TLT repaid the NZ\$66.9 million syndicated bank facility which was due for repayment in October 2020. This has resulted in the next debt maturity for the TLT group not occurring until November 2023 followed by September 2024, for the Dundonnell Wind Farm Facility and for the Waipipi Wind Farm project finance facility respectively.

TLT FY20 earnings result is expected to be up to \$1m lower than the bottom end of the updated guidance range of \$118m - \$122m provided in December 2019. This is the result of both the 500kV transmission outages in Victoria during February, which impacted revenue from the Snowtown 1 Wind Farm, and a slower than anticipated ramp up of generation at DDWF in March.

TLT notes that the final full year earnings result, which remains subject to external audit, will still be circa 16% above the original guidance for the year, when adjusted for the sale of Snowtown 2.

ENDS

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